

# **SCHIP Fact Sheet**

## **Background on CHAMP ACT**

State Children's Health Insurance Program Reforms

COST: \$128.7 billion over 10 years

Under SCHIP, current law requires states to cover children in families up to 200 percent of the federal poverty line. Many states, including Connecticut, have applied for waivers and have been granted the authority to cover individuals above this line. Connecticut currently covers children in families who make up to 300 percent of the federal poverty line.

The CHAMP Act preserves the authority of states to cover children in families over 200 percent of the FPL. This chart gives a sense of who would be covered:

Number in Household	Mainland U.S. FPL	200% FPL	300% FPL
1	\$10,210	\$20,420	\$30,630
2	13,690	\$27,380	\$41,070
3	17,170	\$34,340	\$51,510
4	20,650	\$41,300	\$61,950

Legal Immigrant Children

Under current law, states are allowed to cover legal immigrant children under their SCHIP programs, but the federal government cannot reimburse the states for its share of these costs. The CHAMP Act would give states the option to cover legal immigrant children, and the federal government would provide the full matching rate. Connecticut currently covers legal immigrant children.

### ***Dental Coverage***

The bill adds mandatory dental coverage for children enrolled in SCHIP.

### ***Coverage Age***

The legislation gives states the option to cover children up to the age of 21 (up from 18).

### ***Enrollment***

Currently, most estimates show there are 9 million children who are uninsured. To boost enrollment, the legislation provides a bonus payment to states that adopt five of the seven following outreach and enrollment practices:

Elimination of the in-person interview requirement;

12-month continuous eligibility;

A joint application for SCHIP and Medicaid;

Automatic renewal of children's eligibility;

Administrative verification of assets, in which the state permits a parent or caretaker relative to certify information relating to assets for the purposes of determining and re-determining financial eligibility; takes steps to verify assets through means of requiring documentation from parents and applicants; but does not apply any asset or resource test for eligibility;

Presumptive eligibility, which enables states to provide immediate SCHIP coverage to children of families with incomes below SCHIP or Medicaid eligibility levels, instead of awaiting a complete determination of eligibility; and

"Express lane" eligibility, which provides for expedited enrollment into SCHIP for uninsured children already enrolled in other public programs with comparable income requirements, such as the school lunch program and food stamps.

### ***Pregnant Mothers***

The legislation gives states the authority to cover pregnant mothers under their SCHIP program if:

The state covers pregnant women under Medicaid with incomes less than 185% of the poverty level;

They cover children in families with incomes up to 200% of the poverty level; and

The state does not impose a waiting list for enrollment of children under SCHIP.

### ***Medicare Physician Payments***

COST: \$65.3 billion over 10 years

Under the current physician funding formula, called the Sustainable Growth Rate Formula, Medicare physician payments are scheduled to be reduced 9.9 percent in 2008.

The CHAMP Act provides 0.5% increase in 2008 and 2009 for Medicare's physician payment rates.

The measure replaces the Sustainable Growth Rate (SGR) as the mechanism for setting Medicare's physician payment rates with a new system that creates six different categories of physician services:

- primary and preventive services;
- other evaluation and management services;
- major procedures; anesthesia services;
- imaging services;
- minor procedures; and
- other services.

#### Medicare Benefit Improvements

##### ***Improvements in Benefits***

COST: \$8.2 billion over 10 years

Requires Medicare to pay the same for mental health services (80%) as it does for other covered services; includes more mental health services under preventative benefits that require no copayment.

##### ***Assistance for Low-Income Beneficiaries***

COST: \$41 billion over 10 years

The CHAMP Act increases the allowable asset limits to qualify for the low-income subsidy under Medicare Part D from \$10,210 for an individual or \$20,410 for a couple to \$17,000 and \$34,000, respectively; eliminates barriers to enrollment in the low income subsidy such as automatic re-enrollment, electronic verification of asset tests; limit co-payments for low-income subsidy recipients to 5 percent of income.

##### **Other Part D Improvements**

COST: \$1.1 billion over 10 years

Includes coverage of benzodiazepines (psychoactive drugs) under Part D (currently not allowed to be covered)

##### ***Medicare Part A Cuts***

REVENUE: \$15.8 billion over 10 years

2008 Payment Freeze to Skilled Nursing Facilities,  
REVENUE: \$6.5 billion/10 years

2008 1 percent Payment Update for Inpatient Rehabilitation Facilities,  
REVENUE: \$6.6 billion/10 years  
Freeze payments and redefine how to qualify as a Long Term Care Hospital,  
REVENUE: \$1.1 billion/10 years  
Lower Acute Care Hospital Payments, REVENUE: \$2.2 billion/10 years

### ***Medicare Part B Changes***

Payment and Coverage Changes

REVENUE: \$7.4 billion over 10 years

Current law say Medicare beneficiaries who have oxygen equipment must own the equipment after 36 months, and the CHAMP Act reduces this time to 12 months, meaning Medicare will no longer pay oxygen providers a monthly service fee on the equipment (\$6 billion over 10 years)  
Adds coverage for state-licensed or certified marriage and family therapists and mental health counselors (COST: \$0.6 billion over 10 years).

Changes the computation of average sales price for Part B drugs (\$1.9 billion over 10 years)

### ***Extension of Rural Access Protections***

COST: \$1.7 billion over 10 years

### ***End Stage Renal Disease (Kidney) Payments***

REVENUE: \$3.4 billion over 10 years

This changes the payment structure for renal dialysis (kidney care, essentially) so that a number of separate payments are reduced to one; a floor on the payments is set at 96% of the payments that would have been made under the old system.

### ***Limitation on Exception to the Prohibition of Certain Physician Referrals for Hospitals***

REVENUE: \$2.9 billion over 10 years

Further reduces physicians' ability to refer patients to facilities in which they have a financial interest.

### ***Provisions Relating to Medicare Part A and Part B***

REVENUE: \$8.1 billion over 10 years

Freeze Home Health Payments for 2008, \$7.2 billion/10 years

Additional End Stage Renal Disease Payment Reforms, \$1.2 billion/10 years  
Increased Rural Home Health Payments, COST: \$0.3 billion/10 years

### ***Additional Medicaid Changes***

COST: \$4.6 billion over 10 years

### ***Miscellaneous Medicare Changes***

COST: \$1.2 billion over 10 years

### ***Medicare Advantage Cuts***

COST: \$157 billion over 10 years

The bill phases out, over four years, payments to the Medicare Advantage program in excess of 100 percent of traditional fee for service Medicare reimbursement rates.

The effect of the bill, therefore, would be to phase in a roll back of government payments to private Medicare Advantage plans that have no costs in excess of Medicare's own payment rates.

### ***Tobacco Tax Increases***

REVENUE: \$52.8 billion over 10 years

The Champ Act increases the tax per pack of cigarettes by 45 cents — from 39 cents per pack to 84 cents per pack.

It applies that same rate to small cigars, which are currently taxed at a different rate.

The measure provides generally proportional increases for other tobacco products, increasing the tax on large cigars to 44.63% of the manufacturer's or importer's sale price, but no more than \$1 per cigar (the rate is currently 20.719% of that sales price).

It also increases the tax on pipe tobacco from \$1.0969 per pound to \$2.36 per pound, increases the tax on chewing tobacco from 19.5 cents per pound to 42 cents per pound, and increases the tax on cigarette papers to 2.63 cents for 50 papers, from 1.22 cents per pound under current law.